

F-002 CARRY FORWARD

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Approved: R. Wood

Southwest Minnesota State University Policy and Procedure Carry Forward Policy

This policy and procedure refers only to the non-salary budgets balances for cost centers in the 2xxxx series. These are the M&E accounts, those funded by appropriation and tuition revenue.

This document applies to the carrying forward of non-salary balances into a new fiscal year in a way that allows for flexibility of University planning and budgeting and encourages operational units to effectively manage resources. These balances cannot be carried forward if they are permanent in nature or establish permanent future financial obligations

1. Definitions:
 - a. Carry Forward: Funds retained from one fiscal year to the subsequent fiscal year
 - b. Area Supervisor: President, Athletic Director, Vice President, Associate Vice President, Provost, Chief Information Officer, Dean of ALS, Dean of BEPS
 - c. Original Budget: Funds budgeted each fiscal year as of July 1
 - d. Recurring: Occur time after time, usually year after year
 - e. Non-recurring: One time or unlikely to happen year after year
2. Exceptions: Cost Centers not included in this policy and procedure include
 - a. Contractually obligated accounts such as
 - Faculty (contractual) travel
 - TPP funds
 - Faculty Improvement Grants
 - MSUAASF Professional Improvement Grants
 - b. System defined funds such as
 - Access and Opportunity Student funding
 - System Office Chargebacks
 - c. University fixed expense accounts such as but not limited to
 - Utilities
 - Worker's Compensation
 - Property Insurance
 - System Offices Chargebacks
 - Debt Service
3. Funds will not automatically be carried forward in operating budgets from one fiscal year to the next fiscal year. Carry forward of funds must be for exceptional, non-recurring expenses and not for recurring expenses. Requests to fund items needed on a non-annual basis should be made during the budget request process and not from possible carry forward funds. (example, replacement of microphones every 4 years for a studio should be included in the budget request process)
4. Funds for encumbrances of goods or services received prior to June 30 will carry forward if not paid by the close of the fiscal year

(usually mid-August). Documentation showing the goods or services were received prior to June 30 will be required to carry forward funds for unpaid items along with the **Carry Forward Request Form** found on the Vice President for Finance and Administration (<https://www.smsu.edu/administration/vpfinanceadmin/>) webpage.

5. If goods or services are encumbered after June 1 but not received until after June 30, the encumbrance will be moved to the next fiscal year and will be paid from the next fiscal year's budget.
6. If goods or services are encumbered prior to June 1 but not received before July 1 because of special circumstances which would include situations that were delayed due to causes deemed beyond a department's control, you may request carry forward of funds using the **Carry Forward Request Form** found on the Vice President for Finance and Administration (<https://www.smsu.edu/administration/vpfinanceadmin/>) webpage. You must include the rationale for the request.
7. If a cost center has a deficit budget (encumbrances plus expenditures) at the end of the fiscal year, 100% of this deficit balance will carry forward into the next fiscal year.
8. To retain any carry forward balance, a carry forward request is required. See the procedure below. The request must be submitted to your Area Supervisor. All requests will be reviewed by the President's Cabinet and approved or denied.
9. Carry forward requests will be considered based on the budget plan of the university. Priorities will be established each year to be used for making carry forward decisions.
10. All carry forwards are contingent on the overall financial health of the University and the available amount of the University reserves as mandated by MnSCU policy. Changes in financial conditions may require that approved carry forward funds be rescinded.

Procedure

1. Carry forward requests must be submitted using the **Carry Forward Request Form** found on the Vice President for Finance and Administration (<https://www.smsu.edu/administration/vpfinanceadmin/>) webpage.
2. The request must include the following:
 - a. dollar amount,
 - b. the use of the those funds,
 - c. the rationale for the carry forward and
 - d. a detailed budget including time lines for expenditures.
3. Requests may be submitted as early as May but no later than July 15. Requests are to be submitted to your Area Supervisor. Please remember expenditures may post to a cost center as late as mid-August so carryover is limited to the balance after all expenses have posted.
4. The Area Supervisors will submit a summary of all requests to the President's Cabinet.
5. The President's Cabinet will approve or deny based on the priorities established through the budget process. Approved requests will be forwarded to the Vice President for Finance and Administration for processing.
6. Responsible persons will be notified of the approval or denial by their Area Supervisors.
7. Fiscal year operating budget balances are final approximately mid-August each year. The President's Cabinet will make carry forward decisions by September 30.

Note: While every effort is made to ensure accuracy, SMSU reserves the right to correct any clerical errors herein. Also, you can submit feedback.